

Old Age, Disability, Death

First law: 1947.

Current law: 1993, amended 1995, 1998.

Type of program: Social insurance system.

Exchange rate: U.S.\$1.00 equals 144.4 lek.

Coverage

Employed persons, self-employed, and university students; voluntary coverage for others who do not qualify for compulsory insurance.

Supplementary systems are available for civil servants, private employers and employees and military personnel.

Special state pensions are available for those who have contributed to the political and cultural development of Albania.

Source of Funds

Insured person: 11.7% of total earnings (10% for pension, sickness and maternity, 1.7% for medical care).

Employer: 34.2% of payroll (26% for pension, sickness and maternity, 1.7% for health cash benefits, 0.5% for work injury, and 6% for unemployment insurance.)

Government: Covers cost for those in compulsory military service. Above contributions also finance cash benefits for sickness and maternity.

Qualifying Conditions

Old-age pension: Age 60 (men) or 55 (women), 35 years of contributions, and retirement from economic activity.

Mothers with 6 or more children over the age of 8, eligible at age 50 with 30 years of contributions.

Partial old-age pension: Age 60 (men) or 55 (women), with 20-35 years of contributions.

Disability pension: Incapacity for any economic activity, blind, or suffering from severe mutilation.

Minimum insurance period is at least 1/2 the difference in years between claimant's age and 20.

Disability must be certified by Medical Experts Committee (MEC). At pensionable age, claimant may choose old-age pension if amount is higher.

Partial disability pension: Incapacity to perform work at last employment, but can work under special working conditions, provided minimum insurance period is met.

Disability and special work conditions as determined by MEC.

Survivor pension: Deceased was insured or had terminated insurance not earlier than 1 year before death. Eligibility for old-age or disability pension. Dependents include surviving spouse caring for dependent child under 8; disabled or aged spouse (age 50 for widow or 60 for widower); dependent orphans under age 18 (25, if students), or became disabled prior to reaching these ages; parents and grandparents aged 65 or older who shared the same household with deceased for 12 months prior to the death and have no one else to care for them; dependent grandchildren.

Surviving spouse loses pension on re-marriage.

Old-Age Benefits

Old-age benefit: Consists of a basic pension and an increment:

1 Basic flat-rate pension (equal to minimum living standard) awarded to all insured persons, and

2 Earnings-related increment for employed persons equal to 1% for each year of coverage multiplied by the average assessed wage of which contributions were paid.

Maximum: Twice the basic pension amount, or 75% of average net wages during 3 of the last 10 years of employment.

Increment for deferred retirement: 4% of full pension for each year of deferred retirement, with continued contributions.

Maximum: 80% of average net wage during 3 of last 10 years of employment.

Partial pension: Calculated as percentage of full pension, depending on number of years worked.

Adjustment: Basic pension amount indexed annually according to price changes of selected commodities.

Permanent Disability Benefits

Disability pension: Consists of basic pension and increment as for old-age pension.

Maximum: Twice the basic pension or 80% of last average net wage, whichever is less.

Partial disability pension: 50% of full disability pension.

Constant attendance supplement: 15% of assessed wage for contribution purposes.

Supplements for dependent children: 5% of basic old-age pension for each dependent child under age 15. Maximum: 20% of basic old-age pension.

Adjustment: In accordance with old-age pension.

Survivor Benefits

Survivor pension: 50% of pension of deceased for the surviving spouse; 25% for each orphan and other dependents up to a maximum of 100% (50% where surviving spouse is economically active or receiving pension in own right) of pension of deceased. 50% for sole orphan, provided that there is no other eligible dependent.

Full orphans: Eligible for pensions from both parents.

Death benefit: Equal to 1 month's basic old-age pension.

Administrative Organization

Ministry of Labor and Social Affairs, general supervision.

Social Insurance Institute, administration of program.

Sickness and Maternity

First law: 1947.

Current law: 1993, amended 1994, 1995, 1998.

Type of program: Dual social insurance system (cash benefits) and universal system (medical care).

Coverage

Sickness benefits: Employees.

Maternity benefits: Employees, employers, and self-employed.

Medical care: All residents.

Source of Funds

Insured person: Employees, see pension contributions, above, for cash benefits; medical care, 1.7% of salary (urban areas).

Employer: See pension contributions, above, for cash benefits; none for medical care.

Government: Medical care, 1.7% of payroll. Whole cost for persons not currently in labor force.

Qualifying Conditions

Sickness benefits: 1 week of employment.

Maternity benefits: 12 months of contributions.

Medical care: No minimum qualifying period.

Sickness and Maternity Benefits

Sickness benefit: 70% of average daily wage in last calendar year if less than 10 years of contribution, 80% for more than 10 years.

During hospitalization, benefits equal 50% of average daily wage, provided there are no dependents. Payable from 15th day of medical certification (first 14 days responsibility of employer) for up to 6 months. May be extended for a further 3 months if MEC certifies likelihood of recovery in that period. Income compensation also available for changes of employment due to health reasons.

Maternity benefit: Employees: 365 days of paid maternity leave (minimum of 35 days prior to childbirth and 42 days after): 80% of average daily wage in last calendar year for leave period prior to childbirth and for 150 days after. 50% of average daily wage for remainder of period. For more than 1 child, paid leave period is extended to 390 days, including a minimum of 60 days prior to and 42 days after confinement. Benefits also available in cases of adoption. Compensation is payable for changes of employment due to pregnancy.

For employers and the self-employed: Benefit equal to the basic old-age pension.

Birth grant: Lump sum payment of 1500 lek for either insured parent with a minimum of 1 year's contributions.

Workers' Medical Benefits

Medical benefits: Free general practitioners' services.

Reimbursement from 35-100% for various medicines from the essential list.

Dependent's Medical Benefits

Medical benefits for dependents: Same as for family head.

Administrative Organization

Ministry of Labor and Social Affairs and Ministry of Health Protection, general supervision.

Social Insurance Institute, administration of sickness and maternity benefits.

Health Insurance Institute, administration of medical benefits.

Work Injury

First law: 1947.

Current law: 1993, 1995, 1998.

Type of program: Social insurance.

Coverage

Employees, apprentices, and students in practical training.

Source of Funds

Insured person: None.

Employer: See pension contributions above (pays 0.5% of payroll).

Government: None.

Qualifying Conditions

Work-injury benefits: No minimum qualifying period.

Temporary Disability Benefits

Temporary disability benefits: 100% of average daily wage over last 3 years, payable for up to 12 months.

Permanent Disability Benefits

Permanent disability benefit: For loss of working capacity of at least 67%: 80% of average wage over last 3 years, but not less than minimum standard of living.

Partial disability (at least 33% of working capacity): Benefits equal to 80% of average wage over last 3 years (depending on degree of loss of work capacity), but not less than 50%.

Minor permanent disability (loss of between 10% and 33% of working capacity): Lump sum determined in accordance to regulations. Material damages incurred by the insured person are compensated in full.

Workers' Medical Benefits

Medical benefits: Compensation available for additional medical care, rehabilitation, etc. required to recover lost capacity.

Survivor Benefits

Survivor pension: 50% for surviving spouse, 25% for each orphan, parent, grandchild, grandparent, subject to a maximum of 100%, of pension of the deceased. Orphans have right to survivor's pension even if the surviving parent is economically active or receives a pension, but it is subject to a maximum of 50% of the pension of the deceased.

Death benefit: Equal to 1 month's basic old age pension.

Administrative Organization

Ministry of Labor and Social Affairs, general supervision.

Social Insurance Institute, administration of program.

Unemployment

First and current law: 1993.

Type of program: Social insurance.

Coverage

Employees.

Source of Funds

Insured person: None.

Employer: See pension contributions above (pays 6% of payroll).

Government: None. (Covers deficit.)

Qualifying Conditions

Unemployment benefit: At least 1 year's contribution, receiving no other benefits (except for partial disability), registered at unemployment office, and willing to undergo training.

Unemployment Benefits

Unemployment benefit: Flat rate providing at least for a minimum standard of living, as decided by Council of Ministers. (4,000 leks per month as of 1998.) Payable for up to 12 months or for a total of 365 calendar days where there are temporary periods of employment.

Supplement for dependent children under age 15: 5% of unemployment benefit for each child up to a maximum of 20% (Reduced by 50% if one parent is employed or receiving a pension). Persons attending training courses but not receiving stipends or wages: benefits payable up to 18 months.

Adjustment: Indexed annually in accordance with price changes of selected commodities.

Administrative Organization

Ministry of Labor, Emigration and Social Affairs, general supervision.
National Employment Service, administration of payment of benefits.
Social Insurance Institute, administration of contribution collection.

incapable of work; and 1,500 leks if paralyzed or disabled requiring constant care. In case of blindness, 70% of minimum monthly wage earned in state sector regardless of age or other income.

Administrative Organization

Ministry of Labor and Social Affairs, general supervision.
Social Insurance Institute, administration of program.

Family Allowances

Current law: 1993, amended 1994, 1995, and 1998.
Type of system: Social insurance and public assistance.

Coverage

Insured persons and resident families.

Source of Funds

Insured person: See pension contributions above.

Employer: See pension contributions above.

Government: Whole cost of public assistance.

Qualifying Conditions

Family allowances: Insured person entitled to disability pension or unemployment benefit with dependent children under age 15; insured person or pensioner in case of death of dependent family member. Caregiver of deceased insured person who paid funeral expenses. Beneficiary of disability pension requiring constant care according to medical experts decision.

Family Allowance Benefits

Family allowances: 5% of the basic pension or unemployment benefit for each dependent child up to a maximum of 20%. Family supplement, 15% of pension.

Death benefit: Equal to 1 month's basic old-age pension.

Means-test: 494 leks per employed person; 414 leks for children, dependents, and unemployed dependent of employed person; 350 leks per month for employed in private sector; 1,700 leks for disabled requiring constant care; 1,500 leks for disabled due to employment accident and incapable of work, 1,300 leks if partially